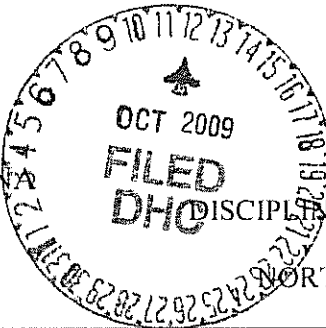


STATE OF NORTH CAROLINA

WAKE COUNTY



BEFORE THE
DISCIPLINARY HEARING COMMISSION
OF THE
NORTH CAROLINA STATE BAR
09 DHC 25

THE NORTH CAROLINA STATE BAR,

Plaintiff

v.

LaSHON A. HARLEY, Attorney,

Defendant

COMPLAINT

Plaintiff, complaining of Defendant, alleges and says:

1. Plaintiff, the North Carolina State Bar ("State Bar"), is a body duly organized under the laws of North Carolina and is the proper party to bring this proceeding under the authority granted it in Chapter 84 of the General Statutes of North Carolina, and the Rules and Regulations of the North Carolina State Bar (Chapter 1 of Title 27 of the North Carolina Administrative Code).

2. Defendant, LaShon A. Harley ("Harley"), was admitted to the North Carolina State Bar in 1998, and is, and was at all times referred to herein, an attorney at law licensed to practice in North Carolina, subject to the laws of the State of North Carolina, the Rules and Regulations of the North Carolina State Bar and the Rules of Professional Conduct.

Upon information and belief:

3. During all or part of the relevant periods referred to herein, Harley was engaged in the practice of law in the State of North Carolina and maintained a law office in Raleigh, Wake County, North Carolina.

4. Harley was closing attorney for numerous residential real estate closings in which she applied to Chicago Title for title insurance for the lenders and/or owners in 2004 and 2005. Harley failed to timely complete and submit final title opinions to Chicago Title in 18 closings and failed to disburse the title insurance premiums to Chicago Title in 6 closings during this time period.

5. Chicago Title repeatedly requested the outstanding final title opinions and payments during 2006 and 2007. Respondent failed to respond to some messages. Respondent promised to complete final opinions in response to other messages but either did not provide the promised title opinions or failed to provide all necessary information

in what she submitted. Chicago Title continued to request the outstanding title opinions and missing information. Respondent failed to provide the outstanding title opinions and information during 2006 and 2007.

6. Harley maintained a trust account in the course of her law practice and received entrusted funds into her trust account, beginning in at least 2004.

7. Harley withdrew or disbursed funds from her trust account on several occasions by improper means and/or without identifying any client against whose balance the funds were being withdrawn, including as follows:

- a. 459.00 on or about July 29, 2005 by POCKETCHECK with a notation of American Home Shield
- b. \$196.46 on or about August 5, 2005 by cash withdrawal at Wal-Mart
- c. \$400.00 on or about August 12, 2005 by trust account check number 3714 labeled "attorney's fees"
- d. \$180.73 on or about August 19, 2005 by POCKETCHECK with a notation of DTV*DIRECTTV SERVICE
- e. \$475.00 on or about October 25, 2005 by "Advice of Debit DDA"
- f. \$550.00 on or about October 26, 2005 by "Advice of Debit DDA"
- g. \$825.00 on or about November 18, 2005 by check number 3794 labeled "attorney's fees"
- h. \$825.00 on or about December 19, 2005 by "Advice of Debit DDA"
- i. \$2,000.00 on or about December 30, 2005 by "Advice of Debit DDA"
- j. \$400.00 on or about January 5, 2006 by "Advice of Debit DDA"
- k. \$40.00 on or about March 8, 2006 by HONOR Withdrawal/Debit card
- l. \$152.00 on or about March 28, 2006 by "Advice of Debit DDA" with a notation of Durham County ROD
- m. \$480.00 on or about May 10, 2006 by check card
- n. \$5,345.95 by check number 3841 to Chicago Title Insurance Company on or about June 12, 2006 for "Title Insurance Premiums for Open files"
- o. \$493.00 by unnumbered check dated December 29, 2006 made payable to Cash for "Xter to Main [remainder not legible]"

- p. \$125.00 on or about February 7, 2007 by "Advice of Debit DDA" with a notation of "Transfer Gunner (Lease Pmt)"
- q. \$964.05 by check number 3846 to Chicago Title Insurance Company on or about February 16, 2007 for "Title Insurance Premiums for Open files"
- r. \$160.00 on or about July 25, 2007 by ATM/HONOR withdrawal
- s. \$79.00 on or about January 17, 2008 by check card, with a notation on the bank statement of "1/16/08 CORPEX 01 OF 01 800-2218181"
- t. \$515.87 on or about February 12, 2008 by ATM/HONOR withdrawal

8. Harley deposited funds on numerous occasions into her trust account without identifying the client to whom the funds belonged, including as follows:

- a. \$755.00 on or about October 14, 2005 by "Advice of Credit DDA"
- b. \$100.00 on or about October 5, 2005 by "Cash in Ticket"
- c. \$57.00 from the County of Durham on or about November 18, 2005
- d. \$40.00 on or about March 17, 2006 by "Cash in Ticket"
- e. \$9.00 on or about August 30, 2005 by "Cash in Ticket"

9. Harley commingled personal funds with client funds in her trust account and disbursed funds from her trust account for personal purposes, including as follows:

- a. \$950.00 in attorney's fees simultaneously disbursed from and deposited back into her trust account on or about July 18, 2005
- b. \$550.00 deposited into her trust account on or about October 20, 2005 from Ragland & Larrie, PLLC for "Office Expenses + Rent"
- c. \$470.00 by check number 3789 on or about November 6, 2005 to White Enterprises, Inc. for "Lease Payments – November 2005"

10. Harley has not reconciled her trust account quarterly.

11. Harley served as closing attorney in several closings in which Harley failed to receive and disburse funds as reflected on the HUD-1 Settlement Statements. Harley disbursed more funds to certain individuals/entities than had been collected for those individuals/entities. Harley also failed to pay items from closings. In some instances, her handling of the funds left a positive balance for a closing, but the balance was not sufficient to cover the disbursements she had failed to make. Closings in which

Harley failed to receive and/or disburse funds as reflected on the HUD-1 Settlement Statements include:

- a. Buyer/borrower Ngozi Atufunwa, settlement date October 28, 2005
- b. Buyer/borrower Marcus Trotter, settlement date August 3, 2005
- c. Buyer/borrower LeShonya Braswell, settlement date July 11, 2005
- d. Buyer/borrower Gene Burns, settlement date June 17, 2005

12. Harley has had funds remaining in her trust account for clients for several years and has failed to provide these clients with the required annual accountings and has failed to promptly deliver these clients' funds, including for the following clients:

- | | |
|-------------------------|---------------------------|
| a. Ngozi Atufunwa | o. Madeline Marshall |
| b. B&B Group Properties | p. Monica Mhlanga |
| c. LeShonya Braswell | q. Optimum Advantage, LLC |
| d. John W. Brown | r. Henry Perry |
| e. Leroy Crosson | s. Gail Plummer |
| f. Faith Edwards | t. Abdullah Said |
| g. Eugenia Floyd | u. Ashley Sanders |
| h. Dianne Ford | v. Douglas Sanford |
| i. William Graham | w. Myron Sharpe |
| j. Anna Harley | x. Bridgett Shoffner |
| k. Herron Harper | y. Lashaundon Smith |
| l. Thomas Hart | z. Andre Turrentine |
| m. Erskine Hawkins | aa. Timothy Ward |
| n. Everett Jones | |

13. Harley disbursed \$5,500.00 to Robert Gunter by check number 3848 on or about August 1, 2007. Harley did not have \$5,500.00 in her trust account for Gunter at that time, and this disbursement utilized other clients' funds in her trust account. Harley did not deposit \$5,500.00 for Gunter into her trust account until August 16, 2007.

14. Harley collected more for herself than the amounts identified on the

applicable HUD-1 Settlement Statements as being disbursed to her in real estate closings, including in the following closings:

- a. Buyer/borrower Erskine and Cora Hawkins, settlement date June 10, 2005
- b. Buyer/borrower Gene Burns, settlement date June 17, 2005

15. The HUD-1 Settlement Statement for the closing with buyer/borrower Gene Burns, settlement date June 17, 2005, reflects funds received from Mr. Burns in the amount of \$8,598.97. The HUD-1 Settlement Statement identifies disbursements to Harley totaling \$325.00. Harley received a check for \$8,850.00 for this closing. Instead of depositing the \$8,850.00 into her trust account, Harley deposited \$8,500.00 of those funds into her trust account and received \$350.00 in cash by means of the “less cash received” line of her deposit form.

THEREFORE, Plaintiff alleges that Defendant’s foregoing actions constitute grounds for discipline pursuant to N.C. Gen. Stat. § 84-28(b)(2) in that Defendant violated the Rules of Professional Conduct in effect at the time of the conduct as follows:

- (a) By failing to timely complete final title opinions and obtain title insurance for her clients in real estate closings, Harley failed to act with reasonable diligence and promptness in representing her clients in violation of Rule 1.3;
- (b) By failing to promptly disburse client funds, Harley failed to act with reasonable diligence and promptness in representing her clients in violation of Rule 1.3 and failed to promptly deliver entrusted funds as directed by her clients in violation of Rule 1.15-2(m);
- (c) By making disbursements from her general trust account for clients without identifying on the disbursing instrument the recipient and/or the client against whose balance the funds were being withdrawn, Harley failed to maintain required records in violation of Rule 1.15-3(a)(2)¹;
- (d) By withdrawing funds from her trust account debit card, ATM, check made to cash, check card, and Advice of Debit DDA forms, Harley used improper methods to disburse funds from her trust account in violation of Rule 1.15-2(i);
- (e) By disbursing attorney’s fees from her trust account by means that failed to identify the client against whose balance the item was being drawn, Harley disbursed fees by an improper method in violation of Rule 1.15-2(h);

¹ The current version of this rule is Rule 1.15-3(b)(2), amended March 6, 2008

- (f) By making deposits into her general trust account without identifying on the deposit slip or instrument the source and/or the client to whom such funds belonged, Harley failed to maintain required records in violation of Rule 1.15-3(a)(1)²;
- (g) By failing to provide annual accountings to clients for whom she had funds in her general trust account, Harley failed to provide requisite accountings of entrusted funds in violation of Rule 1.15-3(d)³;
- (h) By having personal funds in her trust account and by disbursing funds from her trust account for personal expenses, Harley commingled funds in violation of Rule 1.15-2(f);
- (i) Harley failed to reconcile her general trust account quarterly in violation of Rule 1.15-3(c)⁴;
- (j) By disbursing \$5,500.00 from her general trust account for Robert Gunter at a time when she did not have \$5,500.00 in her trust account for Mr. Gunter, Harley failed to properly maintain entrusted funds in violation of Rule 1.15-2(a) and failed to pay other clients' funds as directed by those clients in violation of Rule 1.15-2(m);
- (k) By failing to receive and disburse funds in real estate closings as shown on the HUD-1 Settlement Statements, Harley failed to properly receive and maintain entrusted funds in violation of Rule 1.15-2(a), failed to promptly deliver entrusted funds as directed by her clients in violation of Rule 1.15-2(m), and failed to act with reasonable diligence and promptness in representing her clients in violation of Rule 1.3;
- (l) By failing to deposit the total funds from buyer Gene Burns into her trust account and instead receiving cash back at the time of deposit for her fee, Harley failed to deposit mixed funds intact into her trust account in violation of Rule 1.15-2(g); and
- (m) By taking funds from her trust account by debit card, ATM, check made to cash, check card, and Advice of Debit DDA forms, and by collecting more funds than the amount identified for disbursement to her, Harley misappropriated client funds in violation of Rule 8.4(b) and (c).

² The current version of this rule is Rule 1.15-3(b)(1), amended March 6, 2008

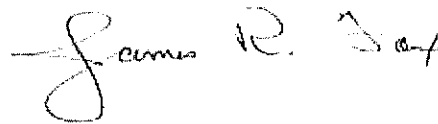
³ The current version of this rule is Rule 1.15-3(e), amended March 6, 2008

⁴ The current version of this rule is Rule 1.15-3(d)(1), amended March 6, 2008


WHEREFORE, Plaintiff prays that:

- (1) Disciplinary action be taken against Defendant in accordance with N.C. Gen. Stat. § 84-28(a) and § .0114 of the Discipline and Disability Rules of the North Carolina State Bar (27 N.C.A.C. 1B § .0114), as the evidence on hearing may warrant;
- (2) Defendant be taxed with the costs permitted by law in connection with this proceeding; and
- (3) For such other and further relief as is appropriate.

The 12th day of October, 2009.



James R. Fox, Chair
Grievance Committee



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